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10 **IN THE UNITED STATES DISTRICT COURT**
11 **FOR THE DISTRICT OF ARIZONA**

12 XY Skin Care & Cosmetics, LLC, an
Arizona limited liability company, Micky
13 A. Gutier, an individual, and Alberto Gutier
III, an individual,

14 Plaintiffs,

15 v.

16 Hugo Boss USA, Inc., a Delaware
corporation, Hugo Boss Retail, Inc., a
17 Delaware corporation, XYZ Corporation,
18 ABC Corporation, and John and Jane Does,

19 Defendants.

20 -----
Hugo Boss USA, Inc., a Delaware
corporation, Hugo Boss Retail, Inc., a
21 Delaware Corporation,

22 Counterclaimants,

23 v.

24 XY Skin Care & Cosmetics, L.L.C., an
Arizona limited liability company, Micky
25 A. Gutier, an individual, and Alberto Gutier
III, an individual,

26 Counterdefendants.
27
28

Case No. 2:08-cv-01467-ROS

**DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT AND
SUPPORTING MEMORANDUM**

Oral Argument Requested

(The Honorable Roslyn O. Silver)

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MOTION

Pursuant to Federal Rule of Civil Procedure 56(b), Defendants Hugo Boss USA, Inc. and Hugo Boss Retail, Inc. (collectively, “Hugo Boss”) hereby move for summary judgment on:

(1) all claims of Plaintiffs XY Skin Care & Cosmetics, L.L.C., Micky A. Gutier, and Alberto Gutier III (collectively, “Plaintiffs”) as there is no genuine issue of material fact that Hugo Boss has infringed any of Plaintiffs’ alleged trademarks or alleged trade name (the “Alleged Marks”); and

(2) all counterclaims of Hugo Boss, as there is no genuine issue of material fact that Plaintiffs lack rights in the asserted Alleged Marks because: (i) Plaintiffs have not made sufficient use of the marks to demonstrate a valid, protectable interest in the marks; (ii) have procured such marks by fraud; and (iii) such marks are generic or, in the alternative, merely descriptive and are thus not protectable trademarks. Based on documents provided to Defendants by Plaintiffs and based on Plaintiffs’ own admissions, and the testimony of third parties, Plaintiffs’ claims cannot withstand summary judgment. Summary judgment should be granted in favor of Hugo Boss.

This Motion is supported by the following Memorandum of Points and Authorities, supporting Statement of Facts filed concurrently herewith, and the entire record herein.

Dated: August 23, 2010

DLA PIPER LLP (US)

By s/ Leon Medzhibovsky

Mark A. Nadeau
Leon Medzhibovsky
Allison L. Kierman
Airina L. Rodrigues
Attorneys for Defendants

1 **MEMORANDUM OF LAW**

2 **I. MATERIAL UNDISPUTED FACTS**

3 A Statement of Undisputed Material Facts (“SOF”) is filed concurrently with this
4 Motion and Memorandum of Law, and is referred to and cited herein.

5 **II. ARGUMENT**

6 **A. Hugo Boss is Entitled to Summary Judgment**

7 Summary judgment shall be granted if “the pleadings, the discovery and disclosure
8 materials on file, and any affidavits show that there is no genuine issue as to any material
9 fact and that the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P.
10 56(c)(2); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986); *see also Anderson v.*
11 *Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986); *Survivor Media, Inc. v. Survivor Prods.*,
12 406 F.3d 625, 630 (9th Cir. 2005). Moreover, likelihood of confusion may be decided as
13 a matter of law. *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407, 413 (9th Cir. 1996);
14 *accord Century 21 Real Estate LLC v. Century Ins. Group*, 2007 WL 484555 at *6 (D.
15 Ariz. 2007). As set forth herein, Hugo Boss has established that no genuine issue of
16 material fact exists with respect to any claims or counterclaims.

17 **B. Plaintiffs Admit they have no Rights in any Mark Containing “XX”,
and that the Mark Hugo XX or XHugoX Does Not Infringe**

18 First, Plaintiffs’ claims that Hugo Boss’s use of “Hugo XX” and “XHugoX”
19 infringe the Alleged Marks fail, as there is no genuine issue of material fact that Plaintiffs
20 do have an interest in *any* mark that contains or is composed of the letters or term “XX.”
21 (SOF ¶ 9.) Moreover, Plaintiffs have testified that they do not believe the “HugoXX” and
22 “XHugoX” marks infringe the Alleged Marks. *Id.* Thus, Plaintiffs lack standing under the
23 Lanham Act to assert any claims whatsoever based on Hugo Boss’s use of “HugoXX”
24 and “XHugoX.” 15 U.S.C. §§ 1114(b), 1125(a).

25 In the Ninth Circuit, to prove trademark infringement, the plaintiffs bear the
26 burden of showing (1) ownership of a valid mark and (2) likelihood of confusion.
27 *Brookfield Commc’ns, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1046-47 (9th Cir.
28 1999) (in determining whether use of mark constitutes trademark infringement, the court

1 must first determine whether a valid, protectable trademark interest exists in the mark).
2 Since Plaintiffs have admitted they have no rights to any mark containing “XX”, the
3 Mark “Hugo XX” cannot possibly infringe on Plaintiffs’ Alleged Marks. (SOF ¶ 9.)
4 Nevertheless, assuming *arguendo* that Plaintiffs have standing to assert a claim against
5 Hugo Boss for its use of “Hugo XX,” such claim must fail for at least all of the reasons
6 set forth below.

7 **C. Plaintiffs’ Marks are Invalid and Plaintiffs have No Enforceable Rights**
8 **in the Marks**

9 A successful trademark infringement claim under the Lanham Act first requires a
10 plaintiff to prove ownership or an interest in a protectable mark, and also to prove that the
11 alleged infringer’s mark is similar enough to cause confusion, cause mistake, or to
12 deceive. *KP Permanent Make-Up, Inc. v. Lasting Impression Inc.*, 543 U.S. 111, 117
(2004); *Brookfield*, 174 F.3d at 1046-47.

13 The undisputed material facts demonstrate that Plaintiffs’ Alleged Marks are
14 invalid because Plaintiffs (1) have not made *bona fide* use of the Alleged Marks in
15 commerce; (2) if Plaintiffs ever made *bona fide* use of the Alleged Marks, such use did
16 not commence until 2009, approximately two years after Hugo Boss first used its Hugo
17 XX and Hugo XY trademarks; and (3) Plaintiffs abandoned the Alleged Marks.
18 Furthermore, Plaintiffs’ federal trademark registrations are invalid because they were
19 procured by fraud. Finally, the Alleged Marks are not entitled to protection because they
20 are generic or, in the alternative, merely descriptive. As a result, Plaintiffs cannot prove
21 ownership of a valid mark or prove priority of use sufficient to succeed on their claims of
22 trademark infringement under the Lanham Act or at common law.

23 **1. Plaintiffs Marks are Invalid Because Plaintiffs Have Not Used**
24 **the Marks in Commerce**

25 To establish ownership of a trademark, a plaintiff must show a “valid, protectable
26 interest” in a trademark. *Applied Info. Scis. Corp. v. eBay, Inc.*, 511 F.3d 966, 972 (9th
27 Cir. 2007). As the Supreme Court has declared, “[trademark] right[s] grow ... out of use,
28 not mere adoption.” *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 414 (1916). *See*
also Miller v. Glenn Miller Prods., Inc., 454 F.3d 975, 979 (9th Cir. 2006) (“Registration

1 does not create a mark or confer ownership; only use in the marketplace can establish a
2 mark.”) (citing *Cal. Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451, 1454 (9th Cir.
3 1985)).

4 **a. Plaintiffs’ Must Demonstrate Use in Commerce and
Priority of Use to Prevail on Their Claims**

5 To demonstrate priority of use, a party must prove that (1) it actually adopted and
6 used the relevant mark in commerce prior to another party’s use or registration in a
7 manner that sufficiently associated the marks with the goods or services; and (2) its use
8 of the marks was continuous and not interrupted. *Dep’t of Parks and Recreation for the
9 State of California v. Bazaar Del Mundo, Inc.*, 448 F.3d 1118 (9th Cir. 2006). The Ninth
10 Circuit has held that first use in commerce means “a bona fide sale or transportation in
11 commerce . . . This requirement breaks down into two distinct elements: (1) Was the
12 transaction upon which the registration application was founded *bona fide*; and (2) if it
13 was *bona fide*, was it followed by activities proving a continuous effort or intent to use
14 the mark.” *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1157 (9th Cir. 2001)
15 (“*Chance*”). Additionally, “the ‘use in commerce’ requirement includes (1) an element of
16 actual use, and (2) an element of display.” *Id.* at 1159.

17 The Ninth Circuit adheres to a “totality of the circumstances test” in order to
18 determine when and if a trademark was used in commerce. *Chance*, 242 F.3d at 1159.
19 The totality of the plaintiff’s acts must show use of a mark in a manner that is
20 “sufficiently public to identify or distinguish the marked goods in an appropriate segment
21 of the public mind.” *Id.* (emphasis added)(the mailing of 35,000 post cards was
22 insufficient to establish first use because, under the totality of the circumstances, the only
23 two sales made were token sales and no genuine effort was made to exploit the mark
24 thereafter). The District Court should also consider the genuineness and commercial
25 character of the activity, the scope of the non-sales activity relative to what would be a
26 commercially reasonable attempt to market the service, the degree of ongoing activity of
27 the holder to conduct the business using the mark, the amount of business transacted and
28 other “similar factors.” *Chance*, 242 F.3d at 1159.

1 Mere preparatory use is insufficient to establish use. *Brookfield*, 174 F.3d at 1052
2 (use of a mark in reserving a domain name and in preparatory email correspondence with
3 customers and lawyers is insufficient to establish use). Nor are sales to friends and
4 family. “Nominal or token sales to relatives and personal friends do not constitute a bona
5 fide commercial use of a trademark.” *McCarthy on Trademarks and Unfair Competition*
6 § 16:7 (9th ed., 2010), citing *Jaffe v. Simon & Schuster*, 3 USPQ2d 1047, 1049 (SDNY
7 1987)(nominal sales of board games to friends and relatives of inventor are not bona fide
8 commercial transactions that would establish priority of use); see also *Chance*, 242 F.3d
9 at 1155, 1160.

10 Finally, even ongoing but minimal sales are not enough to establish or maintain
11 trademark rights. One Second Circuit decision is particularly instructive because of its
12 parallel facts. In *La Societe Anonyme des Parfums le Galion v. Jean Patou Inc.*, plaintiff,
13 a French perfume maker, had sold its SNOB perfume for many years outside of the
14 United States. But plaintiff was unable to make U.S. sales because defendant held a U.S.
15 registration for SNOB for perfume. While defendant made *bona fide* sales to arm’s length
16 parties, the issue was whether the volume of sales was sufficient to establish superior
17 trademark rights. Over a twenty-nine year period, defendant had sold only eighty-nine
18 bottles of SNOB perfume, generating gross sales of less than \$600 and profits of
19 approximately \$100. The Second Circuit held that these sales were not the “kind of bona
20 fide use intended to afford a basis for trademark protection.” 495 F.2d 1265, 1272 (2d
21 Cir. 1974).

22 **b. Plaintiffs’ Initial Token and Isolated Transactions Were
23 Not *Bona Fide* Use Necessary to Establish Priority**

24 Plaintiffs must prove that its first use of the Alleged Marks was *bona fide* and
25 made in the ordinary course of trade. *Chance*, at 1156. Token use does not satisfy this
26 standard.¹ To establish *bona fide* trademark use, Plaintiffs must show (1) that Plaintiffs’

26 ¹ Prior to 1989, token use could sometimes be used to support an application for
27 registration (in contrast to an infringement claim). However, 1989 amendments to the
28 Lanham Act now impose the higher standard of *bona fide* commercial use, even for
registration purposes. 15 U.S.C. § 1127; *Paramount Pictures Corp. v. White*, 31 USPQ2d
1768, 1776 (TTAB 1994)(Congress adopted the stricter standard to eliminate the
“commercial sham of ‘token use’”).

1 initial transaction under the mark was a *bona fide commercial* transaction, and (2) the
2 initial transaction was accompanied by activities indicating a *continuing* effort by
3 Plaintiffs to sell their products on a *commercial scale*. *Id.* at 1158; *Columbia Pictures*
4 *Inds., Inc. v. Miller*, 211 USPQ 816, 819 (TTAB 1981)(single sale of product was not
5 *bona fide* commercial transaction, nor was it followed by affirmative measures to create
6 commercially viable business); *Bellanca Aircraft Corp. v. Bellanca Aircraft Eng'g., Inc.*,
7 190 USPQ 158, 167 (TTAB 1976)(two sales not followed by other commercial use are
8 insufficient). Moreover, Courts draw a distinction between the minimal proof of use that
9 may suffice for registration purposes in the absence of a dispute over priority of use and
10 the higher standard of proof required to prevail in a priority dispute between two parties,
11 such as in this case. *See, e.g., Lucent Info. Mgmt., Inc. v. Lucent Techs., Inc.*, 986 F.
12 Supp. 253, 259 (D. Del. 1997); *Signature Guardian Sys., Inc. v. Lee*, 209 USPQ 81, 87
13 (TTAB 1980)(evidence failed to show that shipment to a friend was *bona fide* use; in
14 priority dispute, greater scrutiny is given to initial use claims).²

15 Finally, as discussed above, sales to friends and family do not constitute *bona fide*
16 *commercial* transactions and do not create valid and enforceable trademark rights.
17 *Chance* at 1160; *Jaffe*, at 1049 (five sales to two friends not *bona fide* commercial use);
18 *Signature Guardian Systems, Inc. v. Lee*, 209 USPQ 81, 87 (TTAB 1980); *ZaZu Designs*
19 *v. L'Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (“[a] few bottles sold over the counter
20 .. and a few more mailed to friends ... neither link the ZaZu mark with [plaintiff’s]
21 product in the minds of consumers nor put other producers on notice.”).

22 Plaintiffs cannot show that Micky Gutier’s isolated sales to Jeffrie Allan and Jed
23 McNair were *bona fide* commercial transactions that would establish trademark rights.
24 First, Micky Gutier admits and third parties have testified that these initial sales were
25 made for the purpose of procuring federal trademark registrations. (SOF ¶¶ 80-81, 107-
26 08.) Thus, far from being a *bona fide* commercial transaction, this is precisely the kind of

27 ² Decisions of the Trademark Trial and Appeal Board (“TTAB”) are relevant because
28 the Ninth Circuit has held that the TTAB is an authority “whose expertise we respect and
whose decisions create expectations.” *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391
F.3d 1088, 1095 (9th Cir. 2004).

1 token, or sham, transaction that the 1989 Lanham Act amendments sought to terminate.
2 Second, Messrs. Allan and McNair admittedly were and are Mr. Gutier's close friends.
3 (SOF ¶ 18.) These initial sales therefore do not constitute *bona fide* commercial use
4 sufficient to establish rights in the Alleged Marks. *See supra*, at 4. Importantly, the initial
5 transactions were not accompanied by activities indicating a *continuing* effort by
6 Plaintiffs to sell their products on a *commercial scale*. *See Chance* at 1157. In fact,
7 Plaintiffs did not and cannot document another sale or even purchase of product
8 inventory for another *four years*. *See id.* at 1160 (finding no genuine continuous
9 exploitation of a mark where party waited approximately 18 months to order inventory)
10 (SOF ¶ 23.) To the extent Plaintiffs recommenced some minimal degree of commercial
11 activity in 2009, such activity corresponded with and was clearly motivated by the
12 initiation of this litigation.³ This is exactly the type of “defensive use” (use to reserve
13 rights in a mark), that courts disapprove of, and is insufficient to establish rights in the
14 Alleged Marks, let alone priority of right. *See La Societe Anonyme*, 495 F.2d at 1274.

15 The fact that none of Plaintiffs' activities constitute an effort to sell products on a
16 commercial scale is bolstered by Plaintiffs' own admissions that the business has not
17 gotten off the ground, and they have not – even in 2010 – formally launched the products,
18 the company, or an operative website. (SOF ¶¶ 37-38, 44-45.)

19 **c. None of Plaintiffs' Additional Activities Constitute “Use in**
20 **Commerce” to give Plaintiffs Priority in the Marks**

21 Assessing all of the circumstances, Plaintiffs have not used the Alleged Marks in
22 commerce in a manner that would give rise to valid, protectable rights. Specifically,
23 plaintiffs have not advertised or otherwise used the Alleged Marks in a manner that is
24 “sufficiently public to identify or distinguish the marked goods in an appropriate segment
25 of the public mind.” *See Chance* at 1158; SOF, ¶¶ 31-32, 46. Plaintiffs' so-called
26 “advertisement” has been limited to “word-of-mouth” activities – namely, telling friends

27 ³ Defendants assume Plaintiffs recommenced commercial activity to show use of the
28 Alleged Marks or some measure of damages to make this litigation seem less frivolous. From
inception, Plaintiffs' case has been built on misrepresentations. Exhibit A compares
Plaintiffs' exaggerated claims and misrepresentations against undisputed admissions,
demonstrating that Plaintiffs have concocted “facts” to substantiate this meritless case.

1 and family about the products and XY Skin Care & Cosmetics. (SOF, ¶ 31.) Such use is
2 not sufficient, as it does not serve to distinguish the Alleged Marks in the *public* mind.⁴
3 As a result, Plaintiffs have no goodwill in the Alleged Marks. (SOF, ¶¶ 46, 70, 157.)
4 Moreover, Plaintiffs’ website does not and has never displayed or described the products,
5 is not and had never been interactive, and even lacks basic contact information to enable
6 a potential customer to inquire about or order products. (SOF, ¶¶ 35-38.) Plaintiffs have
7 sold, on average, one product (a single item) per year, and nothing between 2004 and
8 2009.⁵ All such sales were made to or through friends. (SOF, ¶¶ 18,-19, 23.) After the
9 initial sham transactions to Messrs. Allan and McNair, all remaining sales were made
10 following commencement of this action, likely in efforts to concoct “commercial
11 activity” to lend a veneer of legitimacy to this litigation. Such minimal and sham
12 transactions are not enough to give Plaintiffs rights in the Alleged Marks. (*Id.* at ¶ 23.)

13 **d. Plaintiffs Have Abandoned the Alleged Marks**

14 Even assuming *arguendo* that Plaintiffs’ initial sales to Messrs. Allan and McNair
15 were sufficient to establish rights in the Alleged Marks, Plaintiffs abandoned the mark by
16 engaging in more than three years of consecutive non-use of the Alleged Marks. (SOF, ¶
17 21-23.) Three years of consecutive non-use is prima facie evidence of abandonment. 15
18 U.S.C. § 1127. While the presumption of abandonment may be rebutted by showing
19 actual use or intent to resume use in the reasonably foreseeable future, such use must be
20 “the bona fide use of such mark made in the ordinary course of trade, and not made
21 merely to reserve a right in a mark.” *Burgess v. Gillman*, 78 USPQ2d 1773, 1777 (D.
22 Nev. 2006)(citations omitted)(in assessing abandonment, token use or use to reserve
23 rights in a mark is not *bona fide* use). Here, Plaintiffs cannot rebut the presumption of
24 abandonment because, whatever minimal resumption of use they may have made in 2009,
25 such use was both token, in that it was of such a *de minimus* nature as to not be *bona fide*,

26
27 ⁴ Compare the present case to *Chance*, where mailing of some 35,000 post cards to the
28 public-at-large was not held to be *bona fide* use of a trademark to establish priority. Here,
there has been no public use of the Alleged Marks at all.

⁵ Compare the present case to *La Societe Anonyme*, where over three units of product
were sold per year. That Court held such sales were insufficient to maintain trademark rights.

1 and “defensive” in that it was made merely to reserve rights in the Alleged Marks or lend
2 credence to this litigation. *See id.*; *La Societe Anonyme*, 495 F.2d at 1274.

3 **2. Plaintiffs’ Alleged Marks are Invalid Because Plaintiffs**
4 **Procured the Federal Registrations by Fraud**

5 Plaintiffs’ federal registrations for the Alleged Marks are likewise invalid for the
6 additional reason that Plaintiffs have procured both the registration and renewal of the
7 Alleged Marks fraudulently. Fraud in procuring a trademark registration may be raised as
8 a ground for cancellation in civil litigation. Fraud “occurs when an applicant knowingly
9 makes false, material representations of fact in connection with an application.”

10 *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006)(citations omitted);
11 *Torres v. Cantine Torresella, S.r.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986); *In re Bose Corp.*,
12 580 F.3d 1240, 1243 (Fed. Cir. 2009). In determining whether a trademark registration is
13 obtained fraudulently, the appropriate inquiry is not necessarily into the registrant’s
14 subjective intent, but rather into the objective manifestations of that intent. *Bose*, at 1244;
15 *citing Medinol v. Neuro Vaxx, Inc.*, 67 USPQ2d 1205, 1209 (TTAB 2003). This means
16 that “intent must often be inferred from the circumstances and related statement[s]
17 made.” *Id.*; *citing Medinol* at 1209.

18 Courts have held that misrepresentation of a date of first use in a Statement of Use
19 submitted to the USPTO is sufficient to establish fraud. *Tuccillo v. Geisha NYC, LLC*,
20 635 F. Supp. 2d 227, 242 (EDNY 2009)(preliminary injunction granted because
21 defendant was likely to prove that plaintiff committed fraud on the USPTO based on false
22 statements alleging an incorrect date of first use in a Statement of Use). Here, the
23 “knowledge” element of the fraud claim was met because plaintiff was “aware that the
24 statement that he was operating the restaurant and lounge as of April 1, 2009 [*sic*] was
25 false.” *Id.* at 243. The “materiality” element was also met because the misrepresentation
26 occurred in the context of the Statement of Use, where the “statement regarding actual
27 use is the entire purpose of the application to the USPTO.” *Id.*

28 Similarly, submitting a false specimen of use is grounds for finding fraud. *Torres*,
808 F.2d at 49 (“If a registrant ... stat[es] that his registered mark is currently in use ...

1 and that the label attached to the application shows the mark as currently used when, in
2 fact, he knows ... he is not using the mark as registered and that the label attached to the
3 registration is not currently in use, he has knowingly attempted to mislead the PTO.”);
4 *see also Warner Bros. Entm’t, Inc. v. The Kaplan Trust*, Cancellation No. 92043813
5 (TTAB 2007)(not precedential)(submitting a fabricated specimen of use is fraud
6 necessitating cancellation of the registration).

7 Finally, fraud can be committed in the filing of maintenance or renewal
8 documents, such as Section 8 affidavits of continuing use and Section 15 affidavits of
9 incontestability. *Torres*, 808 F.2d at 48 (citations omitted)(finding fraud in submission of
10 a Section 8 affidavit). Filing misrepresentations in renewal applications is grounds for
11 cancellation of an original registration. *Id*; *Robi v. Five Platters, Inc.*, 918 F.2d 1439,
12 1444 (9th Cir. 1990)(fraudulent misstatements in incontestability affidavits “jeopardize
13 not only the incontestability claim, but also the underlying registration”).

14 Here, the undisputed facts show that Plaintiffs’ actions amounted to fraud on the
15 PTO, necessitating cancellation of the Alleged Marks. Micky Gutier’s statements to the
16 PTO regarding the scope of use of the Alleged Marks were knowingly false and material
17 and Mr. Gutier intended the PTO to rely upon those statements. Mr. Gutier knowingly
18 misrepresented the date of first use in the Statements of Use filed for each of the Alleged
19 Marks. (SOF ¶¶ 73-81, 93-108.) His testimony and the testimony of third parties
20 establishes that his initial, token, sales to Messrs. Allan and McNair were made for the
21 purpose of obtaining the registrations. (SOF ¶¶ 80-81, 107-08.) Further, Mr. Gutier knew
22 that he was not using the marks in commerce on the dates alleged in the Statements of
23 Use, but was clever enough to know that he had to use the Alleged Marks in interstate
24 commerce by shipping products across state lines. (*Id.*) So, Mr. Gutier contacted his
25 friends and induced them to enter into sham transactions, which he documented
26 (presumably in the event that the USPTO asked for documentation), for the purpose of
27 and upon which he based his fraudulent and misleading Statements of Use. (*Id.*) The
28 USPTO relied on these false Statements of Use in registering the Alleged Marks. Then,

1 *Mr. Gutier did not make another sale for approximately five years.* (SOF ¶¶ 21-23.)

2 Compounding matters is the fact that Mr. Gutier did not merely falsely state dates
3 of first use. Mr. Gutier also fabricated a bogus specimen of use for submission to the
4 USPTO in connection with prosecution of the XY Skin Care mark. (SOF ¶¶ 110-13.)⁶
5 The record (and photographic evidence) reveals that Mr. Gutier photoshopped a
6 computer-generated logo onto a photograph of a blank product. It was this specimen, not
7 a specimen of the mark as actually used in commerce, that was submitted to the USPTO
8 and accepted. (SOF ¶¶ 110-12.) The misrepresentation is material, as the USPTO
9 undoubtedly would have rejected a photograph of a blank product as unacceptable. *See*
10 *Trademark Manual of Examining Procedure* § 904 (“Specimens are required because
11 they show the manner in which the mark is seen by the public.”).

12 Finally, even after being made aware of the issue of fraud and the gravity of
13 making misrepresentations to the USPTO during a deposition on January 5, 2010, Mr.
14 Gutier nonetheless, *in that same month*, made further false statements in connection with
15 the Section 8 and 15 affidavits for each of the Alleged Marks. (SOF ¶¶ 84-92, 115-23.)
16 Mr. Gutier falsely stated that the Alleged Marks have been in continuous use for all of the
17 goods listed in the registration since the registrations were granted and, even more
18 incredulously, that “there is no proceeding involving said rights pending and not disposed
19 of either in the U.S. Patent and Trademark Office or *in the courts*.” (SOF ¶¶ 86-91, 117-
20 22.) Mr. Gutier is unquestionably aware based on Hugo Boss’s Amended Answer and
21 Counterclaims and discovery requests that the present action involves claims challenging
22 his rights in and the validity of the Alleged Marks. (SOF ¶¶ 90, 121.) These false
23 statements are sufficient to warrant cancellation of the entire registrations for the Alleged
24 Marks. *Robi*, 918 F.2d at 1444. More telling is that these statements are only the latest in
25 a disturbing pattern of blatant and habitual fraudulent conduct over the better part of a
26 decade. Mr. Gutier has demonstrated that he will lie, fabricate “arm’s length” sales and
27 even forge specimens to obtain and maintain his registrations. Such conduct is

28 ⁶ Here, Plaintiff misstated the date of first use *twice* (and inconsistently) – once with the initial application, and once with the Declaration of Use. (SOF ¶¶ 94-104.)

1 inequitable, and revealing of Plaintiffs' unclean hands prior to and during this litigation.⁷
2 These registrations must now be cancelled.

3 **3. Hugo Boss's *Bona Fide* offer of Goods Under the Hugo XY and**
4 **Hugo XX Marks in 2007 is Sufficient to Establish Priority**

5 For all of the reasons demonstrated above, Plaintiffs lack valid, protectable rights
6 in the Alleged Marks and registrations to the Alleged Marks. Even if this Court finds
7 Plaintiffs ever validly used the Alleged Marks, such use did not commence until late in
8 2009, almost two years after Hugo Boss had commenced using "Hugo XY" and "Hugo
9 XX" in commerce. "Priority for purposes of trademark law is established by commercial
10 usage ... it is not enough to have invented the mark first or even to have registered it first;
11 the party claiming ownership must have been the first to actually use the mark in the sale
12 of goods or services." *Glow Indus., Inc. v. Lopez*, 252 F. Supp. 2d 962, 980-81 (C.D. Cal.
13 2002) (citations omitted). There is no factual dispute that Hugo Boss made a full-scale
14 launch of the Hugo XY and Hugo XX fragrance line in September 2007, while Plaintiffs
15 only commenced meager use of the Alleged Marks nearly two years later, in 2009.⁸
16 Therefore, Hugo Boss has priority in the marks. (SOF ¶¶ 22, 47.)

17 **D. Plaintiffs Have Not Met Their Burden in Demonstrating Likelihood of**
18 **Confusion Between Plaintiffs' and Defendants' Marks**

19 While an assessment of likelihood of confusion is unnecessary in the present case
20 because the Alleged Marks are invalid, Plaintiffs still cannot demonstrate a likelihood of
21 confusion and, consequently, cannot prove infringement. Plaintiffs bear the burden of
22 proving infringement by a preponderance of evidence. *Tie Tech, Inc. v. Kinedyne Corp.*,
23 296 F.3d 778, 783 (9th Cir. 2002); *see also Surfvivor*, 406 F.3d at 630. The test for
24 likelihood of confusion requires a determination of whether a "reasonably prudent
25 consumer in the marketplace is likely to be confused as to the origin of the good or
26 service bearing one of the marks." *Id.* Likelihood of confusion calls for a probability of
27 confusion rather than simply a possibility. *HMH Publ'g Co. v Brincat*, 504 F.2d 713, 717

28 ⁷ Such conduct has been detailed in Hugo Boss's submissions to the Court regarding
Plaintiffs' discovery conduct.

⁸ Plaintiffs did not even purchase more than a few dollars' worth of inventory until July
2008. (SOF ¶¶ 24-29.) Nonetheless, purchase of product from a distributor is not valid use in
commerce, as there is no "element of display." *See Chance*, *supra* at 1159.

(9th Cir. 1974). The analysis for infringement under 15 U.S.C. § 1114(1) and 15 U.S.C. § 1125(a)(1) is identical. *Brookfield*, 174 F.3d at 1046-47 n.8. Similarly, common law unfair competition claims hinge on a finding of likely confusion. *See HyCite Corp. v. Badbusinessbureau, LLC*, 418 F. Supp. 2d 1142, 1153 (D. Ariz. 2005).

To analyze likelihood of confusion, Courts in the Ninth Circuit consider eight factors, generally referred to as the *Sleekcraft Factors*: (1) strength of the mark(s); (2) relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels; (6) degree of consumer care; (7) defendants' intent; and (8) likelihood of expansion. *Survivor*, 406 F.3d at 631, *citing AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979) ("*Sleekcraft*"). Hugo Boss also notes that the USPTO has found no likelihood of confusion between the Alleged Marks and the "Hugo XY" mark, and requests that this Court take judicial notice of that finding. (SOF ¶ 69.)

1. The Alleged Marks are Weak Because they Are Generic or Merely Descriptive, and Lack Commercial Strength

The Ninth Circuit has held that strength of a mark is evaluated in terms of its conceptual and commercial strength. *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000). Trademarks that lack distinctiveness are "weak", and receive little or no protection from infringing uses. Generic marks are entitled to no protection, and merely descriptive trademarks are not entitled to protection unless the mark has acquired secondary meaning. *Grupo Gigante SA De CV v. Dallo & Co, Inc.*, 391 F.3d 1088, 1095 (9th Cir. 2004)(" [A] mark has secondary meaning 'when, in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself.'" (quoting *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000))). "While evidence of a manufacturer's sales, advertising and promotional activities may be relevant in determining secondary meaning, the true test of secondary meaning is the *effectiveness* of this effort to create it." *Int'l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 824 (9th Cir. 1993)(emphasis added).

Conceptually, the Alleged Marks are so weak that they do not warrant protection. "XY" is the chromosomal designation for males and, in common parlance, simply means

1 “man”, “men”, or “for men.” (SOF ¶¶ 61-65.) For that reason, Hugo Boss disclaimed the
2 letters “XY” from its application for “Hugo XY”, currently approved for publication
3 before the USPTO. (SOF ¶ 67.) A trademark is generic if the term answers the question
4 “what is the product being sold?” *Filipino Yellow Pages, Inc. v. Asian Journal Publ’ns,*
5 *Inc.*, 198 F.3d 1143, 1147 (9th Cir. 1999). Here, the terms “XY Skin Care” and “XY
6 Cosmetics” answer the question that the products sold are simply skin care or cosmetics
7 products for men. (SOF ¶ 65.)⁹

8 At best, the Alleged Marks are merely descriptive of the products, meaning that
9 they identify or describe some aspect, characteristic, or quality of the products to which
10 they are affixed in a straightforward way that requires no exercise of the imagination to
11 be understood. It requires no imaginative or cognitive leap to associate the term “XY”
12 with “men” or “for men.” (*Id.*) To the extent the Alleged Marks may be merely
13 descriptive, Plaintiffs have offered no evidence suggesting they have acquired secondary
14 meaning. Rather, given Plaintiffs’ *de minimus* use of the Alleged Marks and complete
15 lack of advertising, a strong inference of no secondary meaning can be drawn. Plaintiffs
16 simply have not undertaken activities that would create secondary meaning, let alone
17 demonstrated that any such hypothetical activities would do so. *International Jensen*, 4
18 F.3d at 824-25.¹⁰ Turning to the second prong in assessing the strength of the Alleged
19 Marks, Hugo Boss has demonstrated in detail that the commercial strength of the Alleged
20 Marks is absolutely nil. (SOF ¶¶ 10-46, 70, 157.)

21 2. Defendants’ and Plaintiffs’ Goods are Unrelated

22 The standard for deciding whether the parties’ goods or services are “related” is
23 whether customers are “likely to associate” the two product lines or reasonably conclude
24 that the products came from the same source. *Survivor*, 406 F.3d at 633. Here, the
25 parties’ goods are unrelated because Hugo Boss’s products are fragrances or fragrance-

26 ⁹ If the Court determines the Alleged Marks are generic, it must declare them invalid
27 and order them cancelled. 15 U.S.C. §§ 1119, 1064; *Park ‘N Fly Inc. v. Dollar Park and Fly,*
28 *Inc.*, 469 U.S. 189, 194 (1985).

¹⁰ The extreme weakness of the Alleged Marks is another factor supporting a conclusion
that the marks are invalid and cannot form the basis of an infringement claim.

1 derived products, each sharing a common scent. (SOF ¶ 48.) Hugo Boss does not offer a
2 targeted skin care line or cosmetics for men or women under the accused marks. (SOF ¶
3 49.) In contrast, Plaintiffs' products are admittedly not fragrances or fragrance-derived
4 products, but are eyeliners and a facial scrub. (SOF ¶ 13-17.)

5 **3. Compared as a Whole, the Marks are Not Similar**

6 Similarity of marks is "tested on three levels: sight, sound, and meaning."
7 *Sleekcraft*, 599 F.2d at 351. In judging similarity, trademarks should be considered as
8 they are encountered in the marketplace, taking into account the normal circumstances
9 surrounding purchase of the type of goods they represent. *Id*; see also *Lindy Pen Co., Inc.*
10 *v. Bic Pen Corp.*, 725 F.2d 1240, 1245 (9th Cir. 1984) (finding no likelihood of confusion
11 because, taken as a whole, packaging, display and promotional materials were dissimilar
12 in appearance). Furthermore, use of a house mark in conjunction with a trademark
13 minimizes the likelihood consumers will be confused. *Id*.; *Giorgio Beverly Hills, Inc. v.*
14 *Revlon Consumer Prods. Corp.*, 869 F. Supp. 176, 185 (SDNY 1994).

15 Judging all factors, the marks "Hugo XY" and "Hugo XX" are not similar to the
16 Alleged Marks. First, besides the common element "XY" (shown above to be weak and
17 thus entitled to little or no protection), the marks share no other common elements.¹¹
18 Second, as compared in their entirety and encountered in the marketplace, the parties'
19 respective marks are not displayed similarly and do not share common packaging
20 features. (SOF ¶¶ 14-15, 54-56, 70.) Third, Hugo Boss's marks' most prominent feature
21 is the house mark "Hugo", a strong and famous trademark that is well known to
22 consumers. Presence of the "Hugo" element means that consumers are unlikely to
23 associate Hugo Boss's products with any source other than Hugo Boss. (SOF ¶ 70.)
24 Furthermore, although Hugo Boss's marks are "design marks" (incorporating creative or
25 design elements), when referenced or used verbally in commerce as words standing
26 alone, the "Hugo" portion of the mark most commonly appears before the "XY" or "XX"
27 portion of the mark. (SOF ¶ 58.) Even though marks are compared in their entirety, the

28 ¹¹ A portion of a mark is "weak" if it is generic, descriptive, highly suggestive, or in
common use by many other sellers in the marketplace. (See SOF ¶¶ 59-70.)

1 first word, prefix or syllable in a mark is usually considered the dominant portion of the
2 mark. *Coca-Cola Co. v. Carlisle Bottling Works*, 43 F.2d 101, 113 (E.D. Ky. 1929), *aff'd*
3 43 F.2d 119 (6th Cir. 1930), *cert. denied* 282 U.S. 882 (1930). Further, the well-known or
4 famous part of a composite mark will similarly be treated as the dominant portion of a
5 mark and given greater weight. *Network Automation, Inc. v. Hewlett Packard Co.*, 2009
6 WL 5908719, *8 (C.D. Cal. 2009). Since “Hugo” is the dominant portion of the
7 composite mark “Hugo XY” both in placement and in commercial strength, likelihood of
8 confusion is minimized – after all, “Hugo” is the *uncommon* element of the parties’
9 respective marks. *See id.* And, to the extent the common element “XY” is weak,
10 likelihood of confusion is further reduced. *See Keebler Co. v. Murray Bakery Prods.*, 866
11 F.2d 1386, 1390 (Fed. Cir. 1989) (less weight given to the descriptive term “pecan” in
12 finding no likely confusion between “Pecan Sandies” cookies vs. “Pecan Shorties”
13 cookies).

14 **4. Plaintiffs Have Not Demonstrated Any Evidence of Actual** 15 **Confusion and Have Admitted that No Actual Confusion Exists**

16 While evidence of actual confusion is considered persuasive in trademark cases,
17 *see, e.g., Surfvivor*, 406 F.3d at 633, “*de minimis* evidence of actual confusion is
18 unpersuasive.” *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1150 (9th Cir. 2002).
19 Furthermore, confusion resulting from elements of the mark that are merely *generic* is not
20 the result of any protectable interest; and will be considered irrelevant. *Boston Duck*
21 *Tours LP v. Super Duck Tours, LLC*, 531 F.3d 1, 25 (1st Cir. 2008). Here, Plaintiffs have
22 not produced any evidence of actual confusion. The very few friends and family of
23 Micky Gutier who were exposed to the Alleged Marks and Hugo Boss’s marks were far
24 from confused – they had no questions about the source, sponsorship or origin of
25 Plaintiffs’ and Hugo Boss’s respective products.¹² (SOF ¶¶ 133-34.) Further, Plaintiffs
26 failed to produce additional evidence of confusion, such as a survey, that might support
27 their unsubstantiated allegations of confusion.¹³ (SOF ¶ 132.) Finally, because Plaintiffs

18 ¹² At best, such witnesses had only the layperson’s legal question as to why Hugo Boss
19 and Plaintiffs could both use the term “XY” in a trademark. (SOF ¶¶ 133-34.)

20 ¹³ Plaintiffs neither produced expert reports nor rebutted Hugo Boss’s expert reports.

1 have not made *bona fide* use of the Alleged Marks, consumer confusion is impossible. In
2 order to be confused, consumers would have to be exposed to both marks. (SOF ¶ 46.)

3 **5. The Parties' Products Do Not Share Marketing Channels**

4 *See* SOF ¶ 53.

5 **6. Consumers Exercise a High Degree of Care in Selecting
6 Defendants' Prestige Products**

7 Sophisticated consumers are unlikely to be confused as to the source or origin of a
8 product. *See Sleekcraft*, at 353. Courts have recognized that purchasers of fragrance and
9 skin care products tend to exercise a high degree of care and brand consciousness. *Glow*
10 *Ind., Inc. v. Lopez*, 252 F. Supp. 2d 962, 1001-02 (C.D. Cal. 2002). Accordingly,
11 consumers of the parties' respective products are likely to exercise a high degree of care
12 when purchasing such products, and are unlikely to be confused in the circumstances of
13 this case. (*See also* SOF ¶ 70.)

14 **7. Plaintiffs Cannot Demonstrate that Hugo Boss Adopted its
15 Trademarks in Bad Faith**

16 There is no evidence demonstrating that Hugo Boss adopted its "Hugo XX" and
17 "Hugo XY" marks in bad faith. Any inference of deliberate copying or bad faith is
18 unwarranted, given that the terms "XY" and "XX" are frequently used by third party
19 producers of body and personal care products to indicate that such products are intended
20 for men or women. (SOF ¶ 63.) Moreover, Hugo Boss could not have adopted the letters
21 "XX" and "XY" with the intent of deriving a benefit from the Alleged Marks' reputation.
22 *See, e.g., Pacific Telesis v. Int'l Telesis Comms.*, 994 F.2d 1364, 1369 (9th Cir. 1993).
23 First, as shown, "XX" and "XY" are weak designations and are not protectable
24 trademarks. Second, Plaintiffs have no goodwill whatsoever in the marks – the notion
25 that Hugo Boss would want to – or even could – derive a benefit from use of the Alleged
26 Marks is ludicrous. (SOF ¶ 157.)

27 **8. Plaintiffs have no Plans to Expand Product Line or Distribution**

28 Expressing interest in expansion without adducing concrete evidence of expansion
plans will not support a finding that the existence of an allegedly infringing mark is
hindering expansion plans. "Mere speculation is not evidence." *Survivor*, 406 F.3d at

1 634. Plaintiffs have admitted they presently have no business plan or plans for expansion.
2 (SOF ¶¶ 42-43.) No documents or testimony suggests they have ever considered
3 marketing fragrances or fragrance-derived products. Nor have they ever approached
4 department stores or standard retail channels to discuss distribution of their products.
5 (SOF ¶ 43.)

6 **E. Plaintiffs have Failed to State a Claim for Infringement of a State**
7 **Service Mark Under A.R.S. § 44-1451**

8 To have standing to bring a claim under A.R.S. 44-1451, Plaintiffs must prove
9 they own an Arizona registered service mark. *See PH4 Corp. v. Sun City Real Estate,*
10 *LLC*, 2008 U.S. Dist. LEXIS 100201, *4-5 (D. Ariz. 2008). Plaintiffs have offered no
11 evidence demonstrating they own a service mark under § 44-1451, as they have alleged.
12 (SOF ¶¶ 6; First Amended Cplt. at ¶¶ XLVII.) Since nothing in the record shows
13 Plaintiffs have rights to an Arizona registered service mark, Plaintiffs have no actionable
14 claim under § 44-1451.

15 If in the alternative this Court finds that Plaintiffs have sufficiently alleged
16 infringement of the registered Arizona trade name “XY Skin Care & Cosmetics” under
17 A.R.S. § 44-1460 (even though Plaintiffs never pled a cause of action under this statute),
18 Plaintiffs have no actionable claim. Under § 44-1460.05(A), the registration of a trade
19 name gives the holder of the registered trade name exclusive rights to use of the name.
20 Although case law treatment of § 44-1460 is scant, there is support for the position that
21 such exclusive right applies *only* to the conflict between trade names and corporate
22 names under the Arizona Statute and only if there is actual use to support the trade name
23 registration. *State Trademark and Unfair Comp. Law, v. 1 (Arizona)* § H.12. Plaintiffs
24 have not made actual use of their trade name to support a claim under § 44-1460, and
25 Hugo Boss does not use a similar corporate or trade name. (SOF ¶¶ 1-2, 10-46.)

26 **III. CONCLUSION**

27 For the foregoing reasons and based on the entire record herein, Hugo Boss
28 requests the Complaint and Amended Complaint brought against Hugo Boss be
summarily dismissed and that Plaintiffs be denied all relief on the claims set forth therein.

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Dated: August 23, 2010

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CERTIFICATE OF SERVICE

I hereby certify that on August 23, 2010, I electronically transmitted the attached document to the Clerk's Office using the CM/ECF System for filing and transmittal of a Notice of Electronic Filing to the following CM/ECF registrants:

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